



# Department of Justice

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## **FORMER ARIZONA COMMERCIAL REFRIGERATION COMPANY MANAGER PLEADS GUILTY TO PARTICIPATING IN BID-RIGGING CONSPIRACY**

WASHINGTON — A former Arizona refrigeration company manager pleaded guilty today and admitted his role in a conspiracy to rig bids on contracts for the installation of commercial refrigeration equipment in Safeway Inc. grocery stores in the Phoenix metropolitan area, the Department of Justice announced.

James Govostes entered into a plea agreement, subject to court approval, that requires him to serve 30 days in prison and three months home confinement, and to pay a \$20,000 fine. Govostes' guilty plea was filed in U.S. District Court in Salt Lake City under a federal rule which allows defendants to plead guilty and be sentenced in the district where they reside rather than the one in which they are charged.

The indictment was filed on Sept. 26, 2006, in the U.S. District Court in Phoenix charging that Govostes participated with unnamed co-conspirators in a conspiracy which took place beginning in or around January 2005 and continuing until May 16, 2005. At the time of the conspiracy, Govostes served as a regional manager for a company engaged in the installation of commercial refrigeration in the Phoenix metropolitan area and elsewhere.

Today's charge resulted from the Antitrust Division's ongoing investigation into the commercial refrigeration industry. The investigation is being conducted by its Chicago Field Office in conjunction with the Phoenix office of the Federal Bureau of Investigation and the United States Attorney's Offices located in Phoenix and Salt Lake City. Govostes has agreed to assist the government with its continuing investigation.

"Today's plea demonstrates the Department's ongoing commitment to prosecute those who seek to subvert America's system of free and open competition by restraining trade," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

The indictment charges that Govostes and his co-conspirators engaged in the following actions involving commercial refrigeration installation projects at Safeway grocery stores:

- Discussed among themselves the submission of bids;
- Agreed to allocate bids among themselves according to which company had a maintenance agreement in place at a particular grocery store;

- Solicited other individuals to join and facilitate the conspiracy;
- Designated which company would submit the low bid and which would submit a higher, rigged bid; and
- Accepted payment from Safeway for work done as a result of the conspiracy.

Govostes is charged with bid rigging in violation of the Sherman Act. The felony charge carries a maximum fine for an individual of \$1 million and up to 10 years in prison. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime if either of those amounts is greater than the statutory maximum fine.

Anyone with information concerning bid rigging or other anticompetitive conduct in the commercial refrigeration industry should contact the Antitrust Division's Chicago Field Office at 312-353-7530. All press inquiries should be directed to the Office of Public Affairs at the Department of Justice 202-514-2007.

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